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Message Text

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ORIGIN ARA-14

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 AID-05
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00
ICA-11 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01
OMB-01 DODE-00 MCE-00 ACDA-12 /102 R

DRAFTED BY ARA/AND:DKEMP:JD
APPROVED BY ARA:JABUSHNELL
ARA/AND:MRBARNEBEY
----------013741 040233Z /65
P 040033Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY LIMA PRIORITY

C O N F I D E N T I A L STATE 113284

E.O. 11652: GDS

TAGS: EFIN, PE

SUBJECT: PERUVIAN AMBASSADOR MEETS WITH ASSISTANT SECRETARY TODMAN

REF: STATE 107459

1. PERUVIAN AMBASSADOR GARCIA BEDOYA MET TODAY, MAY 3, WITH ASSISTANT SECRETARY TODMAN AND DAS BUSHNELL TO RECAP SIGNIFICANT EVENTS OF PAST WEEK RELATED TO PERUVIAN ECONOMIC CRISIS. HE DESCRIBED PRESIDENT CARTER'S APRIL 26 LETTER TO MORALES BERMUDEZ AS UNDERSTANDING AND POSITIVE IN TONE AND CONTENT AND CHARACTERIZED CENTRAL BANK PRESIDENT DE LA MELENA'S VANCOUVER MEETING WITH TREASURY DEPUTY SECRETARY CARSWELL AS USEFUL IN THAT IT CLARIFIED SOMEWHAT ACTUAL POSSIBILITIES FOR USG HELP TO PERU (SEE REFTEL). GB NOTED THAT GOP LAST WEEK APPROVED NEW AUSTERITY PROGRAM AND ECONOMIC
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TECHNICAL TEAM PRESENTLY IN WASHINGTON DISCUSSING WITH IMF EXTENT TO WHICH FUND CONSIDERS MEASURES ACCEPTABLE. ACCORDING TO GB, DISCUSSIONS APPEAR TO BE GOING WELL AND SHOULD BE COMPLETED MAY 3 OR 4. GOP EXPECTS FUND WILL THEN INDICATE TO PRIVATE COMMERCIAL BANKS THAT MEASURES ARE SATISFACTORY BASIS FOR IMF NORMALIZATION OF RELATIONS WITH PERU, PAVING WAY FOR

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BRIDGE FINANCING LOAN FROM BANKS. AUSTERITY MEASURES WOULD THEN BE ANNOUNCED PUBLICLY IN PERU, RENEGOTIATION OF STANDBY WITH FUND WOULD BEGIN, TO BE FOLLOWED BY INITIATION OF PROCESS TO RESCHEDULE INTERNATIONAL DEBT.

2. TODMAN EXPRESSED SATISFACTION WITH THE PERUVIAN NAVY'S INTENTION TO CUT BACK ON ARMS PURCHASE COMMITMENTS. HE ALSO NOTED THAT WE ARE SYMPATHETIC TO PERU'S CONSIDERATION OF DEBT RESCHEDULING AND WILL PARTICIPATE IN ANY MEETING ORGANIZED WITH OTHER CREDITORS UNTIL IT HAS COMPLETED DISCUSSION WITH IMF AND U.S.

3. PERUVIAN AMBASSADOR DESCRIBED FONMIN'S CALL ON MRS. CARTER AS RECIPROCATION RATHER THAN COURTESY CALL NOTING THAT TWO HAD TALKED IN DEPTH IN LIMA AND DE LA PUENTE WOULD USE OCCASION TO KEEP HER INFORMED OF PROBLEMS FACING PERU.

4. TENTATIVE ARRANGEMENTS WERE MADE FOR DAS BUSHNELL AND OTHER STATE AND TREASURY OFFICIALS TO MEET WITH PERUVIAN TECHNICAL TEAM MEMBERS DE LA MELENA AND RAFAEL OTERO ON MAY 4 TO DISCUSS STABILIZATION PROGRAM - PROVIDED PERUVIAN TALKS WITH FUND ARE COMPLETED TODAY. CHRISTOPHER

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